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MESSAGE.

EDMUND HEAD.

THE GOVERNOR GENERAL transmits, for the information of both Houses of the Legislature, the following Correspondence on the subject of the arrangements made for the transport of French and United States Mails between Europe and America by the Canadian Line of Steamships.

GOVERNMENT HOUSE,
Quebec, 5th March, 1860.

GRAND HOTEL DU LOUVRE,
Paris, 28th December, 1859.

Sir,

I have the honor to acknowledge receipt of your esteemed favour of this day's date. Permit me to say that I regret exceedingly the indisposition under which you are suffering. My object in visiting Paris was to explain to you the advantages to be obtained by the employment of the Canadian Line of Steamers, for the transport of your closed mails between Europe and America.

This service is now weekly, and by arrangement between myself and the Postmaster General of the United States, their Mails are now sent by these ships.

If you are unable to favour me with an interview for the purpose of receiving the explanation, will you kindly permit me to address you in writing upon the subject.

I have the honor to be,
&c., &c., &c.,

(Signed,) SIDNEY SMITH,
P. M. G. of Canada.

To M. STOURM,
Director General of Posts,
Paris.

Grand Hotel du Louvre,
Paris, 29th December, 1859.

Sir,

In accordance with the request of M. Maurin, at the interview with which I have this day been favoured, I now have the honor to inform you that a Line of Atlantic Steamers was established in 1856, by the Montreal Ocean Steamship Company, under contract with the Canadian Government, for the transport of Mails between Great Britain and America. This Line has been in successful operation since that time, and in accordance with the contract, the service which was formerly fortnightly in summer, and monthly in winter, is now a regular weekly service throughout the year.

The service has, up to the present time, been most satisfactorily performed, and I take the liberty of enclosing a Table, shewing a Comparative Statement of the time occupied by the Canadian and Cunard Ships in making their voyages, which shows a considerable gain in favour of the former over the latter.

The Grand Trunk Railway Company of Canada has, within the past month, completed the Victoria Bridge across the River St. Lawrence at Montreal, thus forming an uninterrupted line of communication, both in summer and winter, between the Sea Board and Detroit, and I am happy to be able to add, that from Detroit and Chicago to New Orleans, the whole line of Railway was to be opened during the present month, thus forming a direct, and by far the shortest Railway communication between the gulf of Mexico at New Orleans and the easterly coast of America.

The final completion of these great lines of communication, and the satisfactory manner in which the service had been performed by the Canadian Steamers, enable me to propose to the Postmaster General of the United States to carry their Mails for the sea rate of postage only.

This offer was accepted by him, and the service has been commenced, and is being satisfactorily performed.

The first Mails were despatched from Chicago for Portland in November last, and were delivered in London in less than twelve days ; now that the Railway system between Chicago and New Orleans is completed, Mails from the latter city and intermediate places, can be despatched *viâ* Chicago, and be delivered in Europe in much less time than by any other route.

By the arrangement it is provided that during the present winter, the ships shall touch at Cork to land and receive the Mails, and thereby a saving of twenty-four hours is effected, as the Mails are forwarded to and from Cork by Speciail Railway Trains, generously provided for the purpose by the British Post Office authorities.

Telegraphic Despatches can now be forwarded by these ships from Cork up to Thursday afternoon, arrangements having been made with the Telegraphic Companies to have them safely put on board the ships.

This service offers the following advantages :

Mails can now be sent regularly twice a week, instead of once a week as formerly.

Mails can be sent a day later than formerly.

Telegraphic Despaches can be sent two days later than heretofore.

Letters for the Western, South-western and North-western States, will be conveyed and delivered by this route, in far less time than by any other.

The time occupied in the journey between New Orleans and Chicago, will not exceed 48 hours, and thence to the sea board another 48 hours, in all 96 hours.

From Portland, in winter, to Ireland, the average length of voyage should not exceed 10 days, and from thence to London, 20 hours ; the whole distance between New Orleans and London being accomplished in less than 15 days.

Portland is about 340 miles nearer to Liverpool than New York, the Mails therefore have not to be conveyed so far by sea, and are consequently landed, forwarded and delivered with greater speed and certainty.

Rivière-du-Loup, (at which point the Mails are, under the arrangement, to be landed and shipped in summer,) is about 598 miles nearer to Europe than New York. The navigation thence to the sea, is through the river and gulf of St. Lawrence, and Straits of Belle-Isle, 640 miles, and with comparatively smooth water.

The distance from the Straits of Belle-Isle to Ireland, is about 1,600 miles, and this, as compared with the distance, 2,980 (geographical) miles, between Liverpool and New York, shews an almost incalculable advantage in favour of the Canadian route.

The printed Table already referred to, will shew clearly that in point of time, as well as in distance, the advantages are much with the Canadian Line. (*See at the end.*)

The Postmaster General of the United States, immediately upon the conclusion of the arrangements with me, addressed a commuication to the Postmaster General of Great Britain, asking his assent to the arrangement, and for the establishment of Exchange Offices to give it effect. (A copy of this letter I enclose.) (*See at the end.*)

This assent was immedialely granted, and in addition the Postmaster General of Great Britain supplied special trains to transport the mails between Dublin and Cork, and placed British Post Office Clerks on board the Ships to assort the letters on the voyage.

Up to the present time there has been but one regular weekly line of Steamers carrying United States Mails between Europe and America, but now a regular semi-weekly communication is established, in which every confidence can be placed, and nothing now remains, if you are desirous of availing yourself of the service, as I have heard with the greatest satisfaction is the case, but that your closed Mails should be despatched in time to be received in London, and forwarded thence by the nine o'clock evening train of Wednesday of each week.

I may remark that under the arrangements to which I have referred, the compensation to be received by the Canadian Line for the transport of United States Letters, is the same as by the Cunard Line of Steamers, and letters thus forwarded and passing through Canada, are not to be subjected to any inland postage rate.

The result of your adopting this service will be that you will gain all the advantages to which I have alluded, without subjecting your Department, or the public, to any additional expense, and you will pardon me if I take the liberty of asking an early and favorable reply.

I have the honor,
&c., &c., &c.,

(Signed,) SIDNEY SMITH,
P. M. G. of Canada.

To M. Stourm,
Director General of Posts,
Paris.

(*Translation.*)

Paris, 30th December, 1859.

Sir,

By the letter of the 29th instant which you did me the honor to address me, you offer to transport in closed Mails the letters and printed matter which the Post Office of France might exchange with the United States by the Canadian Line of Steamships plying between Rivière-du-Loup or Portland and Queenstown, at the same rate which my administration pays for sea conveyance upon such correspondence when conveyed by the British Line of Steamships, and without any claim for transit over the Canadian Territory when the mails might be landed or embarked at Rivière-du-Loup.

I hasten to apprize you that I accept this proposal with the proviso, that the British and United States Post Offices agree to the proposals I shall submit to them.

Under the convention of the 24th September, 1856, my administration pays to the British Office for the sea conveyance by closed Mails of the Mail matter or exchange with the United States, by the British Steamships, at the rate of 1 franc 20 centimes per 30 grammes of letter matter, and 1 franc per 2 kilogrammes for printed matter, both net weight.

I now write to the British Office to offer to pay it the same rate for the closed Mails exchanged by the Canadian Steamships between my administration and the United States. The Canadian Post Office would afterwards be credited with that sum in the accounts between it and the British Post Office.

I shall, with the least possible delay, address the Post Office of the United States proposing to put the Portland, Detroit and Chicago Offices in direct correspondence with France, but in the meanwhile, relying upon the assurance that you have given me of the concurrence of United States Post Office, I shall hasten, so soon as I receive the reply of the British Post Office (which I have every reason to think will be favorable) to despatch by the Canadian Packets, Mails for the Offices of Boston, New York and Philadelphia, those being the only United States Offices with which the French Offices are as yet authorised to correspond.

Until the Portland, Detroit and Chicago Offices shall have been authorized to correspond with my Office, the Mails sent by the Canadian Steamships would be addressed and forwarded like those sent by the Liverpool Line to Boston.

Receive, Sir, the assurance of my high esteem,
The Councillor of State
Director General of Post Office,

(Signed,) STOURM.

To M. Sidney Smith,
Postmaster General of Canada.

(*Translation.*)

Paris, 30th December, 1859.

Sir,

I have the honor to acknowledge and thank you for the two Documents you were good enough to send me. I will add them to those enclosed in your letter of yesterday's date.

I found this last letter on my desk on my return to my office. I immediately took Mr. Stourm's instructions upon the matter, and am prepa-

ring the answer we intend to send you, and the proposals the French Post Office intends to submit to the British Office.

If, as I hope, these letters are signed to day, I shall hasten to send you that destined for you.

You will also receive an Edition of our General Instructions on Postal service.

Receive, Sir, the assurance,
&c., &c., &c.

(Signed,) E. MAURIN

To M. Sidney Smith,
Postmaster General of Canada,
Paris.

Morley's Hotel,
London, 5th January, 1860.

My Lord,

I have the honor to inform your Lordship that I have recently made arrangements with the Post Office authorities at Paris for the conveyance of French closed Mails between Europe and America by the Canadian Line of Mail Steamers, and an application has been addressed to your Lordship by the French Post Office authority for your sanction to the arrangement.

I regret to say that I was informed yesterday at the General Post Office that it was intended to forward an unfavourable reply to the application in so far as accounting for the sea Postage is concerned. The proposed arrangement is that the French Post Office should account to the British Post Office for the sea postage on correspondence conveyed by the Canadian Ships exactly in the same manner as is now done with regard to mails forwarded by Cunard Ships, merely extending the system already in existence to the Canadian Ships also. The reason given for the refusal is that it would involve a great deal of trouble which the British Post Office could not and would not undertake, although they consent to collect the inland British Postage rate on the correspondence in question.

I am therefore reluctantly compelled to appeal to your Lordship for a personal consideration and decision, before the matter has gone so far that there will be no opportunity of applying a remedy.

I may remark to your Lordship that the French Post Office authorities have felt very seriously the want of regular semi weekly communication with America, and expressed a most earnest desire to avail themselves of the advantages afforded by our lines of communication, and they readily entered into the arrangements proposed by me.

May I take the liberty of urging upon your Lordship's attentionthe great importance to Canada of these arrangements. The mails which will be

sent under it will be composed chiefly (if not entirely) of correspondence which would otherwise be forwarded by the Hâvre and Southampton Ships sailing on Wednesday, and thus there will be no interference with the Imperial Post Office Revenue.

The Postage thus acquired will amount to a large sum annually.

Additional attention will be attracted to the Province in consequence of these arrangements and performance of this service. The current of travel and business which invariably follows the establisment of postal communications, will be directed to the Canadian Steamers, and means will thus be obtained for placing the Line upon a more permanent basis.

The material interest of the Province involved in this matter, and the intimate personal knowledge which your Lordship possesses of every thing affecting its welfare, afford the strongest possible assurance that a mere matter of trouble or inconvenience, will not be allowed to interfere with a favorable decision on the question, the more especially as the arrangement is only a provisional one, and will doubtless be modified so as to meet the views of the Post Office autorities here, so soon as communication can be had with the Post Office authorities at Washington on the subject. An adverse decision involves not only the certain delay of many weeks for correspondence between Paris and Washington, but the possible destruction of the whole arrangement.

I would respectfully submit to your Lordship that the objections taken at the British Post Office are really of no weight, and it would be better that I should undertake to pay any expense that might be incurred, rather than that any delay or difficulty should take place ; but it does appear to me that the mere additional labour involved in keeping an account of the sea, with the Inland postage, and of receiving and paying it over to the Canadian Office, is not of so much importance as to call for a refusal which may involve such serious results to the Province.

The "Ocean Queen" has been withdrawn from the Hâvre line so that there is now a most favorable opportunity for commencing the service and your assent to the arrangements is all that is wanting at Paris to secure that object.

I trust the importance of the matter will be my apology for troubling your Lordship with the present communication, and that I may venture to ask from your Lordship a favorable consideration of the subject.

I have the honor
&c., &c., &c.,
(Signed,) SIDNEY SMITH.
P. M. G. of Canada.

The Right Honorable,
The Earl of Elgin and Kincardine,
Postmaster General,
&c., &c., &c.

My Lord,

I have this morning received from the Belgian Post Office authorities, a communication expressing their assent to my proposal to carry Belgian Mails by Canadian Steamers, and I notice in the news brought by the "Nova Scotian," a paragraph stating that the Post master General of the United States and the Belgian minister have made a postal convention for sending closed Mails between the two Countries *viâ* England.

A question similar to that referred to in my communication to Your Lordship of yesterday, may possibly arise, respecting the Belgian closed Mails, and it is therefore the more important that your Lordship's decision on the application from France should be favorable.

I have the honour to be,
Your Lordship's most obedient,
and very humble servant,

(Signed,) SIDNEY SMITH,
Postmaster General of Canada.

The Right Hon.,
The Earl of Elgin, K. T.,
&c., &c., &c.

Saturday, 7th Jan., 1860.

My dear Sir,

Should the Post Office authorities here make any difficulty about accounting for the postage on your closed Mails, I would ask you to send them on, and any method you may adopt for accounting for the postage, till we can better arrange about it will be satisfactory.

Yours very truly,

(Signed,) SIDNEY SMITH.

Mons. E. Maurin,
Genl. Post Office, Paris.

[*Translation.*]

Paris, 9th January, 1860.

Sir,

The letter of the 7th instant which you did me the honour of addressing me, leads me to anticipate difficulties as to the adoption by the British Office of the proposals we submitted to them, and to which we have not as yet received an answer.

I think it my duty to inform you that it will be a matter of much regret should the British Office not agree to these propositions, as their refusal would not only make it impossible for us to employ even provisionally the Canadian Steamships, but would very probably oblige us to wait a long time before we should be authorized to use that route.

I would therefore urge upon you the endeavour to remove before your departure, the difficulties which seem to prevent the British Office undertaking to receive on account of your office the sea conveyance, which we can only pay to Canadian Steamships, on the consideration that they sail under the British flag, and by applying to them the agreement of the diplomatic convention concluded, 24th September, 1856, between France and England.

Receive, Sir, &c., &c,

(Signed,) E. MAURIN.

To Mr. Sidney Smith,
Post master General of Canada,
London.

Reg. No. 312. }
America. }

General Post Office,
10*th January*, 1860.

Sir,

The Postmaster General having had before him your letter of the 6th instant, I am directed by his Lordship to inform you that he thinks you must have altogether misunderstood the communication made to you at this office, when you called on the previous day respecting the answer which it was intended to make to the letter received from the French Post Office, on the subject of the transmission by the Canadian Mail Packets of closed mails from France for the United States.

It does not appear that you had any conversation with any one of the Secretaries on this subject, but that the information which you received was from Mr. Page, the Officer conducting the Foreign and Colonial Branch of the Secretaries Office.

It was far however from the intention of Mr. Page to lead you to suppose that the objection to the course proposed by the French Post Office, was in any way based upon the trouble it would occasion.

The accounts with the French Post Office respecting closed mails are so simple, that the least possible trouble is caused in their settlements, and the trouble is precisely the same by whatever line of Packets the Mails are carried.

All this was well known to Mr. Page, and, consequently the question of trouble to the Department never entered his mind ; and he must have badly expressed himself if he gave you that idea.

The answer proposed to be made to Mr. Stourm's letter was, that, as the British Mails to and from the United States, conveyed by the Canadian Mail Packets are treated altogether as Mails carried by Packets under contract with the United States, it would be inconvenient and objectionable to treat closed Mails addressed to, or despatched from France when carried by the same Canadian Packets, as Mails conveyed by *British* Packets.

This is the purport of the letter drawn up immediately after you left the Post Office, and, so far as Mr. Page can recollect, the words are the same that he used when he informed you of the answer agreed upon.

He further states that, after receiving this information, you requested that a paragraph might be added, stating that you had called at the Post Office, that you had been informed of the answer proposed to be given, and that you had stated that these arrangements would be quite as satisfactory to you as those which you had submitted to Mr. Stourm's consideration, as the United States and Canadian Post Offices would come to a settlement with regard to the Sea Postage on the French closed Mails.

A paragraph to such effect was accordingly introduced in the draft letter laid before the Postmaster General ; but of course, after the receipt of your present letter, it will be withdrawn.

Having made these observations with respect to what took place when you last called at this Office, I am directed by the Post master General to state that he concurs in the proposed answer to the French Post Office.

The Postmaster General of the United States having informed this Department that he had entered into an agreement with the Canadian Post Office, for the transmission of United States Mails by the Canadian Mail Packets, might very naturally object to any arrangement made between the British and French Post Offices, under which the French closed Mails were treated and paid for as Mails conveyed by British Packets.

This Department would only permit any of its Packets employed under contract in the conveyance of Mails to be used by a Foreign Government, on condition that it received its postage on the correspondence conveyed, and it can hardly be supposed that the United States Post Office would take any other view.

I am to add that the Postmaster General cannot see that the decision in this question need in the slightest degree interfere with the transmission of the French closed Mails to the United States by the Canadian Mail Packets.

The rate of postage collected in France upon letters for the United States is the same, whether the letters are conveyed by British Packets or by United States Packets.

As only the British inland rate is accounted for by France to this Country upon Mails intended to be carried by United States Packets, the Sea Postage remains to be accounted for to the United States Post Office ; but this so far as the Post master General is aware, offers no obstacle to the arrangement, and is not likely to reduce the amount of correspondence forwarded.

I am, Sir,
Your Most Obedient Servant,

(Signed) F. HILL,

The Honble. Sidney Smith,
Morley's Hotel, W. C.

Morley's Hotel, London,
11*th January*, 1860.

Sir,

I have the honor to acknowledge receipt of your communication of the 9th instant

I now enclose a copy of the contract between the Government of the Province of Canada, and the proprietors of the Canadian Steamers as requested by you.

I also enclose a copy of a communication received by me from Mr. F. Hill, in answer to a letter addressed by me to the Postmaster General, on the subject of your application to him for permission to forward closed Mails by the Canadian Steamers. From this you will perceive that the Postmaster General does not conceive that there is any difficulty in the way of your at once forwarding these Mails, and that as regards your application, his letter would amount to a sufficient extension or waiver on his part of the convention of September, 1856, to enable you to give immediate effect to our arrangement. I trust you will take the same view of the matter as the Postmaster General, and that any mere formal difficulties (and only such can now exist) will not prevent your forwarding your Mails by the next Steamer.

I am quite willing to look to either the United States or French Government for the postage that may accrue for the service.

I have the honor to be,
Sir,
Your Most Obedient Humble Servant,

(Signed) SIDNEY SMITH,
Postmaster General of Canada.

M. Maurin,
Chef de l'Administration des Postes.

If you would favor me with a telegraphic message to-morrow morning I would feel obliged as it will enable me to advise the Agents of the Ships of the completion of the arrangements.

Morley's Hotel,
London 12th January, 1860.

My Lord,

I have the honor to acknowledge receipt of a letter from Mr. F. Hill of 10th instant, in answer to mine to your Lordship of the 5th instant.

I regret that I should have misunderstood Mr. Page, and it seems strange that Mr. Griffin, who conversed with him subsequently on the subject, should have received from his remarks a similar impression; it is not however of much importance as the question has after all been decided upon ground amongst others that it would be inconvenient to treat the mails as if sent by British packets.

In acceding to what seemed to be inevitable when conversing with Mr. Page, I certaily did desire him to express to the French Postal Authorities my willingness to assent to any arrangement that they might determine upon for accounting for the sea postage upon mails sent by the Canadian ships; but upon reflection I feared as I now learn with too much reason that a refusal by the British Authorities to accede to the French application, would, if it did not peril, at least very greatly delay the commencement of the service, and accordingly I forwarded to your Lordship my letter of the 5th instant. Not having received any reply to it on the 7th instant, I addressed a communication to Mr. Maurin expressing my willingness to assent to any arrangements for accounting for the postage that the French Authorities might suggest.

On the 9th instant I received his reply, a copy of which I enclose herewith for your information and from which your Lordship will see that my apprehensions were only too well founded; and that unless your assent is given to the French application, serious iujury may result to the Province and great inconvenience to the French Postal Service.

I now understand that the reason for refusing your assent to the application is "That the Postmaster General of the United States might very "naturally object to any arrangement made between the British and "French Post Offices, under which the French closed mails were treated "and paid for as mails conveyed by British packets."

This objection might require consideration, were the present application for a permanent arrangement, but it has been made merely a provisional one in order to give the Postmaster General of the United States an apportunity of assenting to or dissenting from it at the same time that it enables the French Authorities with your assent to avail themselves immediately of the great advantages offered by the service.

Another reason given by Mr. Hill, is that your "department would "only permit any of its packets employed under contract for the con-"veyance of mails to be used for a similar service by a foreign Govern-"ment on condition that it received its postage on the correspondence "conveyed and it can hardly be supposed that the United States Post "Office would take any other view."

I may remark that the present case is not at all the same as that put by Mr. Hill, inasmuch as the United States Government do not pay any subsidy to the Canadian Steamers, are not to receive the sea postage, but the same is to be paid over to the Canadian Government. And therefore the Postmaster General of the United States can have no motive for objecting to the arrangement unless it should be found to be an inconvenient one.

In my propositions to the Postmaster General of the United States for the transport of their mails by Canadian Steamers, I explained to him fully the advantage to be obtained by the adoption of the Canadian lines of Railway communication and of the Canadian lines of steamers for their Postal service ; so fully was he convinced of the advantages that he very liberally, and generously and without hesitation entered into the arrangement, and neither did he require that the Canadian Steamers should be considered United States Steamers (as no United States Stamers sail from Portland,) it was unnecessary that he should do so, or that any particular manner of accounting for the sea postage, should be adopted. A perusal of the correspondence which took place on the subject, a copy of which I furnished to your Lordship, in November last, clearly establishes this point.

In my proposal to M. Stourm at Paris, I adopted a similar course and explained to M. Maurin, that not only were the Canadian Steamers built in Britain but that they were owned by British subjects, indeed M. Maurin gives as his reason for requiring your Lordship's assent that the Canadian Steamers sail under the British Flag. The question as to whether the Canadian Steamers are to be considered as British or United States packets did not and could not and, as I respectfully submit, does not now properly come in question any more than the question as to whether the Canadian Grand Trunk Railway (the services of which form an essential element in the performance of the service) is a British or United States Railway, for in both instances and by all parties the Railway and Steamers were treated as Canadian and as such offering superior advantage in every point of view over every other line of communication between Europe and America. The letter of the first assistant Postmaster General of the United States of the second of November last, fully establishes this point, he asserts that by the arrangement entered into with me, "the United States and British mails from and for the Western-South-"Western, and it is believed the Southern States embracing all points west, "north and south-west of Chicago and Detroit, will be greatly expedited as "compared with the present modes of transmission through this country "to New-York and Boston."

It is with the greatest possible concern that I now learn that a point not considered, or treated as of any possible importance by either the United States or French Authorities in my negotiations and arrangements with them, is now first raised by the British Postal Authorities, and that the Canadian Ships even when carrying mails between British and Canadian Ports as in Summer, they will do, are to be held to be United States packets and treated as such, and that (in the words of Mr. Hill's letter

it will be inconvenient and objectionable to treat closed mails addressed to or despatched from France, when carried by the same Canadian packets as mails conveyed by British packets, or in other words that it is objectionable to treat a Canadian packet as a British packet; and unobjectionable to treat a Canadian as a United States packet, when carrying identically the same British, French, United States and Canadian, and other mails as are carried by the Cunard Line. The Cunard plying as these do to Port in the United States are treated as British packets, the others plying to Canada as United States packets. If the difference in the mode of treating the two lines of steamers and mails sent by them arise from the want on the part of the Canadian line of a subsidy from the British Government, and consequent employment by that Government, then the want of that subsidy to the Canadian line involves more serious consequences than were ever before anticipated, and the more important it is that such a state of things should no longer exist, and that the Canadian line should receive similar encouragement from the Imperial Government as is afforded to the Cunard and Galway Lines.

I cannot refrain from expressing my unfeigned regret and surprise at receiving this information, and the anxiety which I feel as to the effect its publication may have upon the mind of the Canadian people. As Mr. Hill states in his letter that your Lordship cannot see that the decision on the question need in the slightest degree interfere with the transmission of the French closed mails to the United States by the Canadian mail packets, and as he also states that the accounts with the French Post Office respecting closed mails are so simple that the least possible trouble is caused in their settlement, and the trouble is precisely the same by whatever line of packets the mails are carried, but as M. Maurin so clearly declares the impossibility of the service being entered upon without your Lordship's sanction, and the great anxiety that he feels that it should be obtained, and as your Lordship's assent merely involves the treatment of French mails sent by the Canadian packets as if sent by British packets, until further arrangements can be made, although it may for a short time be somewhat inconvenient so to do.

I take the liberty of again soliciting a further consideration of the matter, and expressing an earnest hope that a favorable answer may be sent to the French application at an early day with a view to the commencement of the service by the Steamer of Wednesday next.

I have to appologize to your Lordship for the liberty I have taken in again addressing your Lordship upon this subject, but as I desire to return to Canada by the Steamer of next week, and it is important that the service should be commenced if possible before I leave, least other difficulties should arise, I trust I may be executed for so doing.

I have the honor to be,
your Lordship's most obedient and very humble servant,

(Signed) SIDNEY SMITH,
Postmaster General of Canada.

The Right Honorable
THE EARL OF ELGIN,
Postmaster General, &c. &c. &c.

[*Translation.*]

Paris, 13th January, 1860.

SIR,

I have the honor to enclose herewith a copy of the reply of the British office to my proposals concerning the conveyance of closed mails between France and the United States, by the Canadian Steamships.

If the British office had accepted my proposition, my administration would have despatched mails for the United States by the Canadian Steamships without waiting the answer of the United States Post Office, for these Steamships would have been assimilated in every respect to the British Steamships, of which the employment for correspondence between France and the United States is regulated by the agreement of the 24th September, 1856, between the French and British Governments, and by the agreement between the Post Office of France and that of the United States, dated 2nd March, 1857, but my administration is forced, by the refusal of the British office, to await the answer of the United States office to my communication relative to this matter.

If the United States Post Office consent that the closed mails exchanged with France by the Canadian Packets be assimilated, as respects the reciprocal conditions of transmission, to those exchanged by the British Packets, I shall hasten to ask authority from my Government to pay to the Canadian office for the conveyance, the rate proposed by your letter of the 29th December last.

I would in that event propose to you to adopt the following plan for the payment of the sea postage due to your office.

The French administration would draw up every month an account of the sum due to the Canadian office.

These accounts would be forwarded directly to you, and after you had approved of them, would be paid at Paris quarterly to an agent whom you might authorize by power of attorney for the purpose.

Receive, Sir, the assurance, &c.,
The Councillor of State,
Director General of Posts,

(Signed,) STOURM.

The Hon. SIDNEY SMITH,
P. M. G. of Canada.

General Post Office London,
14*th January*, 1860.

Sir,

With reference to my letter of the 10th instant, respecting the transmission of closed mails, from France to the United States, by the line of the Canadian mail packets sailing from Liverpool *viâ* Queenston to Portland, I am directed by the Postmaster General to request that you will be good enough to inform him whether it is your intention to send mails by the packets in question.

All mails reaching this office will be forwarded as addressed, and the Postmaster General concludes that the French Post Office will have no difficulty in accounting for the sea postage in precisely the same manner that it accounts for the sea postage upon all other letters carried by packets under contract with the United Stated Post Office.

But if any such difficulty exists His Lordship will be glad to learn whence it arises, that he may endeavour if possible to remove it; and I am to request that you will favour His Lordship with a communication on the subject.

I have the honor, &c.,

(Signed,) ROWLAND HILL.

London, 14*th January*, 1860.

Sir,

I am this day on receipt of a communication from M. Stourm, Director General of the Postal service of France, in which he informs me that in consequence of the refusal of the British Postal office authorities to accede to his request to treat the French closed mails forwarded by the Canadian ships as if forwarded by British packets, until arrangements could be completed with you for a different mode of treatment of them, he cannot send the mails by the Canadian ships, before a reply is received from you to his communication of the fourth instant.

I need hardly inform you that M. Stourm is most anxious to take advantage of our lines of communication, but the authorities of the British Post office feeling so strongly opposed to submit to the inconvenience they expect it would occasion them, refuse to accede to the application.

My object in now writing is to inform you that my proposition to the French autorities was based upon the arrangement made with you as to the remuneration to be paid for the transport of the mails, and to express my intention of seeking a personal interview with you on my return to America, when we can arrange any matters of detail to our entire satisfaction; with this assurrance I trust you will be able to give a favorable reply to the French authorities without waiting further communication with me.

It is a matter of no importance what mode of accounting for the sea postage you may arrange for with the French authorities.

I have the honor to be, Sir,
Your obedient Servant,

(Signed,) SIDNEY SMITH
Postmaster General of Canada.

The Hon. Joseph Holt.

[*Translation.*]

Paris, 17th January, 1860.

Sir,

I have the honor to transmit herewith the copy of a letter which the British Post Office has addressed me under date of the 14th instant, concerning the despatch of French mails by the Canadian Mail Packets.

I add to this commnication a copy of my answer of to day's date.

Accept, Sir, &c., &c., &c.

(Signed,) STOURM.

To Mr. Sidney Smith,
P. M. G. of Canada, London.

Paris, 17th January, 1860.

Sir,

By the letter of the fourteenth instant, which you have done me the honor to address me, you ask if I intend to avail myself of the Canadian Mail Packets for our correspondence with the United States.

You add that should there be any difficulty in respect to making payment for the sea postage on mails exchanged by this medium between France and the United States, in the same manner as the sea postage on the closed mails forwarded by the American Mail Packets, the British office would do all that might depend upon it to remove such difficulty.

I hasten to inform you that my administration could not make use of the Canadian Packets to send closed mails to the United States before coming to an understanding with the American Post Office for the purpose, unless the employment of this medium should be considered as falling under the application of article 22, of the convention of the 24th September, 1856, and I beg to add that as these Packets sail under the British flag, it appeared to me that this mode of procedure was the only one which could harmonize as well with the terms of that convention as with those of the convention which governs the relations between my administration and the United States Post Office. But in the event of the sea postage on the

mails exchanged between my administration and the United States Post Office, having to be paid in the same manner as the sea postage on mails forwarded by the American Packets, it would be indispensable not only that my administration should have an understanding with the United States Post Office on the subject, but that it should demand from my Government a credit in order to pay the sums which would become due to the Canadian Office, inasmuch as the French office performs no service for the Canadian office which could counterbalance them. Therefore my administration could neither immediately, nor at a very early date make use of the Canadian Mail Packets, if the British office as regards payment of the sea postage assimilates these Packets to the American Mail Packets.

Moreover I beg you to observe that the arrangements between the offices of England and the United States relative to the Canadian Packets could not create any obstacle to the treatment of the French mails forwarded by those Packets like those sent by the British Packets of the Liverpool and Boston and New York lines, seeing that the convention between France and the United States establishes no distinction between correspondence forwarded by Packets under contract to the British Post Office, and such as may be forwarded by other British vessels plying to or from Brithis Ports.

I shall be glad, Sir, if the explanations should induce the British office to accept the arrangements proposed by my letter of the 30th December last, but in any state of the case, I shall be much obliged to you for any thing which you can do to facilitate the employment of the Canadian Mail Packets by my administration.

Accept, Sir, &c., &c., &c.

(Signed,) STOURM.

To Mr. Rowland Hill,
Secretary, G. P. O. London.

Reg. No. 60,022.
America,

General Post Office,
17th January, 1860.

Sir,

Having laid before the Postmaster General your further letter of the 12th instant, on the subject of the arrangements under which closed mails shall be sent from France to the United States by means of the Canadian mail packets from Liverpool, I am directed by His Lordship to acquaint you, that a further letter was at once written to the Director General of the French Post office requesting him to state whether any obstacle existed to the sea postage on such closed mails being accounted for by France to the

United States in precisely the same manner that France accounts for the sea postage on all other French closed mails conveyed from this country by packets under contract with the United States Post office.

Up to this time no reply has been received from Paris.

Should it appear when the reply arrives, that from any cause whatever a difficulty presents itself to the transmission of French mails by the Canadian packets unless the sea postage be accounted for by France to this country, as if the mails were carried by one of the Cunard packets, the Postmaster General will consent to receive such sea postage temporarily, and to hold it on account of the United States Post office. But I am to point out that this can only be done on the understanding that, if it proves hereafter that the United States Post office would be entitled to a higher amount of sea postage, if paid directly by France than it actually receives through the medium of this country, and if that office demands a payment of the difference, such payment shall be made by the Canadian Post office.

I am, Sir,
Your most obedient Servant,

(Signed,) F. HILL.

The Hon. SIDNEY SMITH,
Morley's Hotel.

[*Translation.*]

TELEGRAM,
10. 48, A. M. Wednesday,
PARIS, 18th January, 1860.

Your communication announcing the consent of Lord Elgin was received yesterday one hour after the departure of the last train for Calais. The despach of the French Mails by your Packets will commence next week if the reply of the British office reaches me in time.

(Signed,) STOURM.

The Hon. MR. SIDNEY SMITH,
Postmaster General of Canada,
Morley's Hotel, London.

America,
Reg. No. 60,022, 1859.

GENERAL POST OFFICE,
18th January, 1860.

SIR,

With reference to my letter of yesterday's date, I am directed by the Postmaster General to inform you that the Director General of the French Post Office has stated that, unless this office will receive from France the sea postage, it will be necessary for him to come to an understanding with

the United States Post Office before French closed mails can be forwarded to the United States by the Canadian Line of Packets.

Under these circumstances, the Postmaster General proposes to inform Monsieur Stourm that this office will, as a temporary arrangement, receive the combined British inland and sea postage on the mails forwarded, at the same rate as if the mails were carried by British Packets, and will account for the sea postage to the United States Post Office.

But before making that communication, I am to request that you will let his Lordship know whether you agree to the conditions laid down in my letter of yesterday referred to above.

I am, Sir,
Your most obedient Servant,

(Signed,) F. HILL.

Hon. SIDNEY SMITH,
Morley's Hotel.

MORLEY'S HOTEL, LONDON,

17th January, 1860.

SIR,

I have now the honor to enclose copy of a communication from Mr. F. Hill conveying the assent of the Postmaster General of Great Britain to your application for permission to send closed mails by Canadian steamers to America, upon certain conditions therein mentioned as to the amount of postage and to which conditions I most cheerfully give my assent.

There is therefore no longer any difficulty in the way of your sending your closed mails for America by the Canadian steamers and I shall be glad to hear by return mail of your intention to forward such mails by our next ship.

I shall leave next week for Washington to urge your application for the permanent arrangement, upon the United States Government.

I have the honor to be, Sir,
Your most obedient humble Servant,

(Signed,) SIDNEY SMITH,
Postmaster General of Canada.

To Monsieur STOURM,
Paris.

Morley's Hotel,
London, 18th January, 1860.

Sir,

I have to acknowledge receipt of your letter of 17th instant.

May I ask you to convey to the Postmaster General my thanks for his consideration.

I have written to M. Stourm, expressing my willingness to accept the conditions contained in your letter, as to the amount of postage.

I have the honor to be, Sir,
Your obedient hnmble Servant,

(Signed,) SIDNEY SMITH,
Postmaster Gl. of Canada.

F. Hill, Esquire.
&c., &c., &c.

Morley's Hotel,
London, 18th January, 1860.

Sir,

I have the honor to enclose you copy of a communication this day received from the Postmaster General of Great Britain.

I have also to inform you that I have forwarded a copy to M. Stourm, at Paris, and expressed my assent to the conditions contained therein as to the amount of Postage, which I trust will remove all difficulty in the way of an immediate commencement of the service ; I shall leave for America next week, and proceed to Washington soon after my arrival, for the purpose of making a permanent arrangement with you respecting the Continental closed Mails.

I have the honor to be,
Sir,
Your must obedient,
and humble servant,

SIDNEY SMITH,
Postmaster Genl. of Canada

Hon. Joseph Holt,
&c., &c., &c.,
Washington.

General Post Office,
London, 19th January, 1860.

Sir,

Having laid before the Postmaster General your further letter of the 17th instant, on the subject of the transmission of closed Mails from France, for the United States, by the Canadian Line of Mail Packets, I am directed by his Lordship to state that, as it appears from your letter that obstacles exist to the despatch of Mails by these Packets, unless this office will receive from France the sea Postage, as well as the British Inland Postage, upon the correspondence forwarded, His Lordship consents, as a temporary arrangement, to such sea postage being accounted for by France at the same rate and in the same manner as if the Mails were carried by the Cunard line of Packets.

This sea postage will be paid over by this Office to the United States Post Office ; and the Postmaster General of Canada has undertaken that, if it shall prove hereafter that the United States Post Office would be entitled to a higher amount of sea Postage, if paid directly by France, than it will actually receive through the medium of this country, and if that Office demands payments of the difference, such payment shall be made by the Canadian Post Office.

I have, &c.,
(Signed,) ROWLAND HILL.

M. Stourm, Paris.

[*Translation.*]

Paris, 21st January, 1860.

Sir,

I have the honor to acknowledge the receipt of your letter of the 17th inst., and also of the framed engraving of a Canadian steamship you were so good as to send me.

I thank you for the gift of this engraving which I received in good order.

Herewith enclosed, I send you the copy of a letter from the British Post Office, dated the 19th inst., and of the answer to it which I send this day.

You will notice that I apprize the British Post Office that my Administration will dispatch letters for the United States by the Canadian steamship on Wednesday, the 25th January inst., and on the Wednesdays following.

Receive, Sir,
The assurance, &c.,

STOURM,
Director General of Post Office.

To Mr. Sidney Smith,
Postmaster General of Canada,
London.

[*Translation.*]

PARIS, 21st January, 1860.

SIR,

I hasten to acknowledge receipt of your letter, dated 19th inst., by which you are pleased to acquaint me that His Lordship, the Postmaster General, consents to receive, in the same manner, as if this service were performed by the Cunard Steamers, the sea Postage due by France to the Canadian Steamships for conveyance of Mails.

Consequently, I give orders to both the Havre Office and the Paris and Calais Travelling office to despatch mails for New-York, Boston and Philadelphia by the Canadian Steamship leaving Liverpool on Wednesday, the 25th instant and Wednesdays following.

These mails will be so despatched as to arrive in London Tuesdays and Wednesdays of each week, those arriving Tuesdays to be despatched by the Liverpool Route, and those arriving Wednesdays by the Queenston Route.

The net weight (in grammes) of letters and printed matter in the closed mails for the United States, by Canadian Steamships, would appear, in clause 23 and 24 of the English credit, (Table No. 8—advice sheet) like those sent by British Steamships; but in the heading where the contents of the closed mails are shown in the account (column 3) the word Canadian will be written instead of British. In the accounts, the weight of the correspondence sent by Canadian Steamships will be added to the weight of that sent by British Steamships.

The Mails sent by Canadian Steamships will be stamped like those sent by British Steamships, with this difference only, that the words "Canadian Steamships" will be substituted for the words "British Steamships" in the specification of the mode of transport.

I notice, from the explanations you were pleased to give me, that the sea postage of French Mails conveyed by Canadian Steamships will be paid by the British Office to the United States Post Office, and that the Postmaster General of Canada binds himself that if hereafter the United States Office should claim a higher sea Postage than that paid by the French Office—the Canadian Post Office would pay the difference.

It does not belong to me to interfere in any agreement between the British and Canadian offices as to who may have a right to the sea postage, with which the British office will be credited in the accounts between that office and my Administration, but I cannot understand why this payment should be made to the United States, nor how it could possibly happen that the United States Office should have a right to claim any additional sea-rate.

Under the Convention which governs the relations between the offices of France and the United States, the United States office undertakes the payment of the cost of transport, between the United States and Great Britain, of the mails exchanged between France and the United States by the means of American Post Office Packets plying between the ports of the United States and British Posts. But the French Post Office undertaking the cost of the sea conveyance upon the mails exchanged between France and the United States by all other vessels plying to or from British Ports, I do not understand why the rate paid by the French to the British office for conveyance performed under the British Flag by Canadian Packets should be paid over to the American office, nor why that office should be supposed to be in a position to demand for this conveyance a higher rate than that paid by the French Post Office.

I was under the impression that the see rate of 1 franc, 20 centimes per 30 grammes of letters and of 1 franc per kilogrammes of printed matter paid by my office (exclusive of the English inland transit rate) would be simply credited to the Canadian office in the accounts between that office and the British office.

Accept the assurance, &c.,
The Councillor of State
Director General of Post,

(Signed.) STOURM.

Mr. Rowland Hill,
Secretary,
&c., &c., &c.

[*Enclosure.*] Post Office Department,
Washington, 2nd November, 1859.

Sir,

I have the honor, by direction of the Postmaster General, to inform you, that an arrangement has been concluded between this Department and the General Post Office of the Province of Canada, for the transmission of United States Mail from Detroit to Liverpool, and from Liverpool to Detroit, over the Grand Trunk Railway of Canada, and by the Canadian Mail Packets plying in summer between Quebec or Rivière-du-Loup and Liverpool, and in winter between Portland and Liverpool, whereby the United States and British Mails, from and for the Western, North-western, and it is believed, the South-western States, embracing all points, West and North, and North-west of Chicago and Detroit, will be greatly expedited as compared with the present routes of transmission through this Country to New York or Boston.

In order to carry out this arrangement and secure the desired expe dition of the Western Mails intended to be transmitted over the new route, it is necessary that Detroit and Chicago be constituted Exchange Offices

for United States and British Mails, to correspond with Liverpool and London, and if deemed advisable with Cork also, for that portion of the international correspondence destined for or received from Ireland ; it being understood that the Canadian Packets will touch at Cork, going and returning, during the coming winter.

As Mails for and from Portland will be landed at Rivière-du-Loup during the summer season, it is also desirable to so modify the additional articles constituting Portland an Office of Exchange for United States and British Mails, and to authorize the exchange of Mails by that Office by way of Rivière-du-Loup as well as by the Steamers running direct between Portland and Liverpool.

Inasmuch as a direct weekly communication between our Western States and the United Kingdom, by means of the Canadian route *viâ* Quebec and Portland, will secure important advantages in point of expedition, the Postmaster General is induced to believe that you will readily assent to his proposal, to constitute Detroit and Chicago additional Offices of Exchange, for the correspondence intended to be transmitted by the new route. In that case I am desired to request that you will please cause formal articles to be prepared for execution of the respective Post Office Departments, embracing Cork also, as an additional Exchange Office, on the side of the United Kingdom, if deemed advisable, together with a provision authorizing Portland to exchange mails in the summer season *viâ* Rivière-du-Loup.

Requesting the favor of a response at your earliest convenience,

I am, &c.,

HORATIO KING.

The Postmaster General,
London,
England.

STATEMENT shewing the time made by the Canadian Ocean Steamers from Liverpool to Quebec, for the years 1856, 1857, 1858 and 1859.

1856.

Name of Vessel.	Sailed from Liverpool.	Arrived at Quebec.	No. of days.
North American	June 19	June 30	11
Canadian	July 2	July 15	13
Anglo-Saxon	July 29	August 10	12
North American	August 13	August 24	11
Canadian	August 27	September 9	13
Indian	September 10	September 23	13
Anglo-Saxon	September 24	October 4	10
North American	October 9	October 22	13
Canadian	October 22	November 4	13

N. B.—It was mid-summer in 1856 before the Line was even partially opened, and with the season so far advanced, only 9 trips were made from Liverpool to Quebec before the close of the St. Lawrence navigation. The length of the voyages, however, was certainly less than might have been expected in the early experimental trips. The average of passage for the season was only 12 days 1 hour to Quebec.

1857.

Name of Vessel.	Sailed from Liverpool.	Arrived at Quebec.	No. of days.
Anglo-Saxon	May 6	May 17	11
Canadian	May 20	May 31	11
North American	June 3	June 14	11
Indian	June 17	June 27	10
North American	July 15	July 26	11
Indian	July 29	August 9	11
Anglo-Saxon	August 12	August 23	11
North American	August 26	September 6	11
Indian	September 9	September 19	10
Anglo-Saxon	September 23	October 5	12
North American	October 7	October 19	12
Indian	October 22	November 4	13

N. B.—The number of summer voyages made by the Line in 1857—with a subsidy of £25,000 currency, was 12. And the average length of the passages for the season was only 11 days 2 hours to Quebec.

STATEMENT shewing the time made by the Canadian Ocean Steamers, &c.—*Continued.*

1858.

Name of Vessel.	Sailed from Liverpool.	Arrived at Quebec.	No. of days.
Anglo-Saxon	April 21	May 2	11
North American	May 5	May 17	12
Indian	May 19	June 1	13
Nova Scotian	June 2	June 15	13
Anglo-Saxon	June 16	June 27	11
North American	June 30	July 13	13
Indian	July 14	July 24	10
Nova Scotian	July 28	August 8	11
Anglo-Saxon	August 11	August 22	11
North American	August 25	September 9	15
North Briton	September 8	September 21	13
Nova Scotian	September 22	October 5	13
Anglo-Saxon	October 6	October 19	13
Indian	October 20	November 1	12

N. B.—The subsidy paid by the Provincial Government to the Montreal Ocean Steamship Company in 1858, was $100,000, or £40,060 sterling. As in 1856 and 1857, the Company maintained a monthly line to Portland during the winter months—making six winter trips.

The average length of the passages from Liverpool to Quebec, embracing 14 semi-monthly trips, was 12 days 3 hours. Deducting from this the distance from the telegraphic station where the news, including full commercial reports, is sent to all parts of Canada and the United States, the length of the voyages is shortened 16 hours, making the average of passages for 1858, 11 days 11 hours.

STATEMENT shewing the time made by the Canadian Ocean Steamers, &c.—*Continued.*

1859.

Name of Vessel.	Sailed from Liverpool.	Arrived at Quebec.	No. of days.
North Briton	April 20	May 2	12
Anglo-Saxon	April 27	May 9	12
Nova Scotian	May 4	May 16	12
North American	May 11	May 22	11
Hungarian	May 18	May 30	12
Indian	May 25	June 6	12
North Briton	June 1	June 11	10
Anglo-Saxon	June 8	June 18	10
Nova Scotian	June 15	June 28	13
North American	June 22	July 3	11
Hungarian	June 29	July 8	9
Indian	July 6	July 18	12
North Briton	July 13	July 24	11
Anglo-Saxon	July 20	July 30	10
Nova Scotian	July 27	August 7	11
North American	August 3	August 13	10
Hungarian	August 10	August 20	10
Indian	August 17	August 29	12
North Briton	August 24	September 5	12
Anglo-Saxon	September 1	September 12	11
Nova Scotian	September 7	September 21	14
North American	September 14	September 25	11
Hungarian	September 21	October 1	10
Indian	September 28	October 11	14
North Briton	October 5	October 16	11
Anglo-Saxon	October 12	October 23	11

N. B.—The subsidy paid to the Line in 1859, is $200,000, or £50,000 currency ; only half this amount therefore was paid for the 26 voyages above reported, and although the Company under their contract with the Provincial Government were only obliged to make fortnightly trips to Portland, they have agreed, on being allowed to make Queenstown a port of call for the winter months, to continue a Weekly Line to Portland during the close of the St. Lawrence navigation. Thus providing a double Mail from England through the whole year.

The average time for the half year's voyages above reported, as is seen, was 11 days 7 hours to Quebec, and 10 days 13 hours to the Telegraphic station at Father Point.

STATEMENT showing the time made by the CUNARD STEAMERS from Liverpool to Halifax and New York, during the six summer months of 1859.

1859.

Name of Vessel.	Sailed from Liverpool.	Arrived at New York.	Arrived at Halifax.	No. of Days.
Niagara	April 23		May 5	12
Persia	April 30	May 11		11
Canada	May 7		May 19	12
Asia	May 14	May 26		12
America	May 21		June 1	11
Africa	May 28	June 9		12
Europa	June 4		June 14	10
Persia	June 11	June 21		10
Arabia	June 18		June 28	10
Asia	June 25	July 7		12
Canada	July 2		July 12	10
Africa	July 9	July 21		12
Europa	July 16		July 27	11
Persia	July 23	August 3		11
Arabia	July 30		August 9	10
Asia	August 6	August 18		12
America	August 13		August 25	12
Africa	August 20	September 1		12
Europa	August 27		September 8	12
Persia	September 3	September 18		15
Arabia	September 10		September 21	11
Asia	September 17	September 29		12
Canada	September 24		October 6	12
Africa	October 1	October 15		14
Europa	October 8		October 19	11
Persia	October 15	October 26		11

N. B.—Selecting the six most favorable months of the most successful year to the Cunard Line, and contrasting the voyages with those made by the Canadian Ships within the same period, the result as to time in the case of the Cunard Vessels, is an average of 11 days 13 hours, against 11 days and 5 hours from Liverpool to Quebec, and 10 days 13 hours to Father Point. So that for all purposes of telegraphic news, including Market reports, the advantage on each trip for the season in favor of the Canadian Line, has been precisely 24 hours, or one whole day.

The aggregate average gain in Mail service in favor of the Canadian Line, for the summer Mail service, was 8 days 8 hours. The aggregate average gain for the summer season in Telegraphic service in favor of the Canadian Line, was 26 days.

3rd Session, 6th Parliament, 23 Victoria, 1860.

MESSAGE.

On the subject of the arrangements for the transport of French and United States Mails between Europe and America by the Canadian Line of Steamships.

Presented to both Houses of the Legislature, Monday, 5th March, 1860.

S. Derbishire & G. Desbarats, Queen's Printer.